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Transforming the Medicare Shared Savings Program

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Traditional Medicare has 38 million enrollees, and another 22.5 million individuals participate in Medicare Advantage and "other" plans (MA beneficiaries).[1] According to the Kaiser Family Foundation, in 2018 more than half of MA beneficiaries were covered by accountable care organizations (ACOs) participating in the Medicare Shared Savings Program (MSSP).[2] At 12 million covered beneficiaries currently, the considerable overhaul to the CMS flagship MSSP, finalized in its December 2018 "Pathways to Success" final rule,[3] warrants our attention.

The original MSSP consisted of a single "one-sided" track wherein participating ACOs bore no down-side risk; rather they were eligible to participate in a portion of the savings realized for keeping costs below calculated benchmark spending levels. Tracks 2 and 3, however, provided greater upside attribution of savings to high-performing ACOs, but also forced participating ACOs to share a portion of healthcare costs in excess of calculated benchmark spending.

With a performance year beginning July 1, 2019, the final rule outlines five stages within a "Basic Glide Path" and an "Enhanced Glide Path." New ACO participants deemed "high-revenue" who chose the Basic path will be permitted to stay in a one-sided model for a maximum of two years.

Participants on the Basic path will move through the stages at a largely predefined cadence, the first two of which are one-sided models. At the third stage of the Basic path, an ACO will begin to assume downside risk for costs of care exceeding the benchmark. The downside risk is capped at 2% of participant revenue in the third stage and goes to 4% in the fourth stage. At the fifth and final stage of the Basic path, a participating ACO can earn up to 50% of the savings from the benchmark, and be responsible for up to 30% of costs above the benchmark.

ACOs choosing the Enhanced Glide Path can earn up to 75% of the savings between costs and the benchmark, but will also bear responsibility for between 40% and 75% of costs incurred in excess of the benchmark.

Published research and commentary on the impact of the original MSSP program shows conflicting data about aggregate programmatic outcomes, but CMS reports that $700 million in performance payments were made to ACOs during 2018.[4]

Irrespective of the conflicting analysis on savings derived from the MSSP program, two things seem apparent to this writer. First, CMS continues to demonstrate a firm commitment to transform the Medicare payment model from volume-based to value-based. And secondly, the stakes are high for both the system and the participants within it.

1 Medicare Enrollment Dashboard, February 19, 2019. https://go.cms.gov/1UgPU9S

2 Kaiser Family Foundation, "Medicare Delivery System Reform: The Evidence Link" https://bit.ly/2IVhNXm
3 42 C.F.R. Part 425, Medicare Shared Savings Program. https://bit.ly/2Pxk38n
4 CMS, Medicare Shared Savings Program Fast Facts, January 2018. https://go.cms.gov/2DvGl3I